



**MWRA Advisory Board Summary
of the
MWRA Board of Director's Meeting
Wednesday, March 12, 2008**

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on March 12, 2008 at the Charlestown Navy Yard. **Present:** Chair Ian Bowles, Joel Barrera and Michael Gove, Gubernatorial Appointees; John Carroll, Andrew Pappastergion and Joseph Foti, Advisory Board Representatives; Vincent Mannering and James Hunt III, City of Boston Representatives; Joseph MacRitchie, City of Quincy Representative; **Absent:** Kevin Cotter, City of Boston Representative; Marie Turner, Town of Winthrop Representative.

REPORT OF THE CHAIR

Ian Bowles, Chairman of the MWRA Board of Directors, noted that he was pleased with the progress at Deer Island in regards to the solar panels and wind turbines. He noted that Governor Patrick was hoping to visit Deer Island in early April to flip the switch on the solar panels; these projects illustrate the type of leadership the MWRA is providing to the rest of the Commonwealth.

Board Member Jim Hunt asked how much the energy output will be from the new wind turbines. John Vetere, Director of Deer Island Wastewater Treatment Plant, responded that the wind turbines would produce approximately 100,000 kW per year.

REPORT OF THE EXECUTIVE DIRECTOR

Fred Laskey, Executive Director of the MWRA, updated the board on the Federal Aviation Administration's (FAA) recent approval of wind turbines at Deer Island. He also noted that the Wachusett Reservoir started spilling over the crest gate after two inches of rain.

Mr. Laskey updated the Board on the Authority's reaction to the recent pharmaceuticals story which revealed that trace amounts of pharmaceuticals were found at several testing spots across the country. Mr. Laskey noted that the Authority responded quickly to the story with interviews and advisories indicating that MWRA water is safe. Stephen Estes-Smargiassi, Director of Planning, noted that staff had been tracking this story for quite awhile. He noted that the Authority has not tested for pharmaceuticals but have tested for EDCs and caffeine (which is a marker of wastewater treatment). The MWRA watersheds are protected, and we don't anticipate any problems. Mr. Laskey added that the Authority does not likely have this problem because there is no wastewater treatment plant in the reservoir areas, and the Authority uses ozone treatment, which is a particularly effective way to kill pharmaceuticals.

Mr. Laskey told the Board that long-term MWRA employee Jeff Sparkes passed away. Mr. Sparkes was a well respected part of the MWRA family.

APPROVALS

SURPLUS SEWER EASEMENT, MEADOW LAND, WAKEFIELD

The Board voted to authorize the Executive Director, on behalf of the Authority, to declare a portion of an existing Commonwealth of Massachusetts sewer easement, under the care and control of the Authority and located in the Town of Wakefield, as surplus to the construction, maintenance, or operational needs of the waterworks and sewer systems, and to return it to the control of the Division of Capital Asset Management in

accordance with Section 9(c) of Chapter 372 of the Acts of 1984, as clarified by Chapter 159 of the Acts of 2000.

The MWRA's Enabling Act sets forth the procedure by which MWRA may relinquish its jurisdiction and control over Commonwealth-owned water and sewer facilities that are under MWRA care and that MWRA finds to be surplus to its water and sewer system needs, which includes Board approval of this surplus designation. The Chief Operating Officer has declared an approximately 15-foot by 142-foot portion of the existing sewer easement as surplus to the needs of MWRA.

WATER EASEMENT ACQUISITION, SAUGUS

The Board voted to authorize the Executive Director, on behalf of the Authority, to accept a grant of easement for Section 70 of MWRA's Northern High Service Water Pipeline in Saugus from the Commonwealth of Massachusetts by and through its Division of Capital Asset Management.

Chapter 242 of the Acts of 2006 authorized the Commonwealth of Massachusetts through its Division of Capital Asset Management (DCAM) to convey certain parcels of state-owned land under the care and control of the Department of Conservation and Recreation located on Route 1 in Saugus to Caruso Music Company (now Shops at Saugus) and to relocate, at the sole expense of the property owner, that portion of MWRA Section 70 water pipeline located within those parcels to allow those parcels and other abutting, privately owned parcels to be developed for commercial use. Chapter 242 further required that the Caruso Music Company or its successors grant to MWRA a 40-foot wide non-exclusive easement for the relocated pipeline and that the Commonwealth also grant to MWRA a 40-foot wide easement for the existing water main that was not relocated.

AMENDMENT TO THE 54TH SUPPLEMENTAL RESOLUTION

The Board voted to adopt an amendment to the fifty-fourth Supplemental Resolution authorizing the issuance of up to \$1,300,000,000 of Massachusetts Water Resources Authority Subordinated General Revenue Bonds (2008 Series A) and the supporting issuance resolution.

At the February 13, 2008 Board meeting, staff received approval to refinance \$575,000,000 of variable rate bonds. Staff are now seeking approval of an additional \$725,000,000 for a total authorization of \$1,300,000,000. This authorization will allow MRWA to address all of its variable rate bonds which are credit enhanced by the monoline bond insurers.

Since the February Board meeting, the rating agencies continued to downgrade the monoline bond insurers including downgrading one of the MWRA's two bond insurers ratings from the "AA/Aa" level to the single "A" level. As a result of the downgrade to the single "A" level, money market funds are no longer able to legally hold bonds with so low a credit rating diminishing the investment pool for these insured bonds. MWRA's variable rate debt program has been impacted by this market disruption and has seen its insured bonds trading at much higher interest rate costs than those backed solely by a Letter of Credit agreement.

Staff and MWRA's financial advisors have held discussions with MWRA's four swap counterparties about transferring the swaps from the existing insured bonds to new bonds without insurance. All the counterparties have indicated a willingness to transfer the swap agreement to the new bonds without triggering a termination of the existing swap.

Joseph Favaloro, Executive Director of the MWRA Advisory Board, congratulated the MWRA staff on a good job of moving quickly to develop an action plan to get out from under the financial impacts caused by the sub-prime crisis. He also suggested that the Authority also look at whatever restructuring opportunities exist around this issuance.

Board Member Vincent Mannering suggested setting up a subcommittee to consider the impact of variable rate debt.

CSO ANNUAL PROGRESS REPORT 2007

The Board voted to authorize staff to submit the *Combined Sewer Overflow Annual Progress Report 2007* to the Federal District Court by March 15, 2008 in compliance with Schedule Seven of the Boston Harbor Case.

The final version of the Annual Report does not differ substantially from the draft report presented to the Board last month and will be provided to the Board when its completed. Staff have updated design and construction progress where new information has become available. The Annual Report states that the MWRA is continuing its negotiations with the City of Cambridge on a recommended approach and cost share for moving the Alewife Brook CSO projects into final design and construction. It also continues to report MWRA's concern with the significantly higher project cost estimates recently submitted by Cambridge, Boston Water & Sewer Commission (BWSC) and Brookline.

The approved FY08 CIP and the Proposed FY09 CIP include \$811,413,000 and \$840,328,000, respectively, for the CSO Control Program, including planning, design and construction, as well as land and easement acquisition and permitting. Updated cost estimates submitted by BWSC, the City of Cambridge and the Town of Brookline for certain sewer separation projects they are implementing could increase MWRA's CSO capital budget by up to \$80 million. Staff are reviewing the new cost estimates and collecting additional information from the communities. The report notes that the higher costs may also warrant a reevaluation of the projects costs and benefits to determine whether they remain cost effective and should continue to be recommended by MWRA.

RENEWAL OF STOUGHTON AND SOUTHBOROUGH WATER SUPPLY CONTINUATION AGREEMENTS

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute ten-year Water Supply Continuation Agreements with the Town of Stoughton and the Town of Southborough, substantially in the form presented as Attachments 1 and 2 and filed with the records of the meeting.

Twenty-four of the fifty MWRA water served communities are "contract communities." Water is supplied to these communities pursuant to Water Supply Continuation Agreements that reflect obligations that are to be fulfilled by both MWRA and the communities.

Typically the contract term for these communities is typically ten years. Stoughton's agreement expired on June 30, 2007 and Southborough's agreement expired in 2006. Over the last year, staff has worked with the communities in a cooperative fashion to complete the contract renewal processes.

The Water Supply Continuation Agreements serve the following purposes: they specify how water supply needs will be met; they compel demand management and planning efforts; they serve as a record of compliance; and they work in concert work the objectives of MWRA's new Water Management Act registration.

Board Member Joel Barrera asked what the Best Management Practices (BMP) are; he noted that this is the Authority's opportunity to show leadership in these practices.

Pam Heidell, Director of Planning & Policy responded: In terms of BMPs, MWRA requires all its communities to conduct leak detection and repair and its leak detection technical assistance program has been hailed as an example. Contract communities area also required to participate in MWRA's water conservation public education programs, including distribution of materials, and to have drought management plans. Looking forward to the future, MWRA is awaiting DEP's development of Best Management Practices and Model Conservation Plans that will be available shortly, and that are related to the new Water Management Act Registration conditions.

MARCH PCR AMENDMENTS – FY2008

The Board voted to approve an amendment to the Position Control Register (PCR). The PCR amendment in this package reflects organizational changes aimed at improving the cost-effectiveness, structural soundness and staffing patterns of the various work units. This amendment is the elimination of a vacant position in Support Services. The impact will be an estimated savings of \$102,716.

APPOINTMENT OF MANAGER, ENGINEERING SERVICES, DEER ISLAND TREATMENT PLANT

The Board voted to approve the Executive Director's recommendation to appoint Richard J. Adams to the position of Manager, Engineering Services, Deer Island Treatment Plan at an annual salary of \$109,073 to be effective March 15, 2008.

The position is responsible for the development and execution of all projects associated with design, engineering and construction on Deer Island. The position reports to the Director of Wastewater Treatment and will have direct supervisory responsibility for 12 employees. The position was posted internally and externally; ten candidates were interviewed by a committee and Mr. Adams was selected as the most qualified candidate.

Mr. Adams has more than 20 years experience in design, construction and operations in a large utility environment. Over the last 13 years at MWRA, Mr. Adams excelled both as an Electrical Program Manager and as Senior Program Manager (since May 2006). He was instrumental in the successful coordination of complicated design and construction contracts as well as developing and managing service contracts for the combustion turbine generators, the steam turbine generator and the electrical distribution center. Prior to joining MWRA in 1995, Mr. Adams worked at New England Electric and was responsible for an array of detailed design and construction management projects.

APPOINTMENT OF BUDGET MANAGER, FINANCE DIVISION

The Board voted to approve the Executive Director's recommendation to appoint David Whelan to the position of Budget Manager in the Rates & Budget Department, Finance Division, at an annual salary of \$101,500 to be effective on the date designated by the Executive Director.

The Budget Department directs and oversees the Authority's annual and multi-year programs and budgets including coordinating the development of the long-term Capital Improvement Program (CIP) and Current Expense Budget (CEB) as well as monitoring the progress of capital projects compared to planned schedules and budgets and monitoring spending over the year. This position directs development of the annual CEB and CIP budgets, including development and management of the budget process, formulation of recommendations for the allocation of resources to meet objectives, and production of budget documents. This position reports directly to the Budget Director.

Mr. Whelan has been at the MWRA since 1996. During that time, Mr. Whelan has held various positions including his current role of Manager, Finance and Administration in the Operations Division. Mr. Whelan has been responsible for managing the financial operation for the Field Operations Department, which has more than 500 professional and trades staff and a combined operating and capital budget in excess of \$100 million. Prior to his MWRA experience, Mr. Whelan held accounting and financial management positions at a private retail and manufacturing company. Through his experience working in the finance areas of the Operations Division, Mr. Whelan has gained a thorough understanding of the Authority's operating and capital budget expense processes.

CONTRACT AWARDS

DISCLOSURE COUNSEL SERVICES: GREENBERG, TRAUIG, LLP, CONTRACT F190

The Board voted to approve the recommendation of the Consultant Selection Committee to select Greenberg Traurig, LLP to provide Disclosure Counsel Services and to authorize the Executive Director, on behalf of the Authority, to execute Contract F190 with Greenberg Traurig, LLP in an amount not to exceed \$602,662 for a term from the date indicated in the Notice to Proceed to June 30, 2012.

MWRA requires the services of Disclosure Counsel for all of its bond issuances and ongoing compliance with its Continuing Disclosure Agreement. During the issuance process, Disclosure Counsel drafts the preliminary Official Statement, which is used to market the bonds. Along with the offering documents for MWRA's bond offerings, Disclosure Counsel develops the Information Statement required for issuances through the Massachusetts Water Pollution Abatement Trust.

Four firms submitted proposals in the procurement process. A Disclosure Panel and a Selection Committee reviewed the proposals and determined that the eligibility of each firm. Greenberg's proposal was the lowest eligible cost offered to the MWRA; Greenberg's senior personnel are qualified and possess the necessary experience to provide Disclosure Counsel Services to MWRA. Greenberg has served as Disclosure Counsel for other Massachusetts issuers including the Turnpike Authority and has significant experience with other agencies around the country.

STANDBY BOND PURCHASE AGREEMENTS FOR VARIABLE RATE DEMAND BONDS

The Board voted to approve the recommendation of the Consultant Selection Committee to select each of the following four firms to provide Standby Bond Purchase Agreements for MWRA's Variable Rate Demand Obligations and to authorize the Executive Director, on behalf of the Authority, to execute said contracts in annual fee amounts indicated below, each for a term up to three years from the Notice to Proceed:

Contract F191:	Bank of America	\$475,300
Contract F191A:	JP Morgan Chase Bank	\$600,000
Contract F191B:	Dexia Local Credit	\$1,125,000
Contract F191C:	Bank of Nova Scotia	\$450,000

In order to refund the outstanding Auction Rate Securities, MWRA requires additional capacity with liquidity banks for Standby Bond Purchase Agreements. Based on MWRA's current capacity needs, staff anticipates using a portion of the liquidity offered by all four banks that submitted proposals. Actual contract awards will be for liquidity on those series without existing coverage and potentially for those series where negotiations with existing providers become cost prohibitive in order to complete all necessary refundings.

As part of the response to the disruption in the short-term market caused by downgrades to the monoline bond insurers, staff and MWRA's financial advisors have proposed replacing its existing Action Rate Securities and insured variable rate demand obligations with uninsured variable rate demand bonds. In order to accomplish this, a credit enhancement in the form of a Letter of Credit or Standby Bond Purchase Agreement for liquidity only is required.

A Standby Bond Purchase Agreement provides a line of credit that can be used in the event that bondholders no longer wish to hold bonds and the remarketing agent is not able to sell them in the market. Given the uncertainty of the on-going credit ratings of external parties in this subprime crisis, the MWRA intends to use Standby Bond Purchase Agreements for liquidity rather than Letter of Credits on its refunded bonds so that these bonds trade solely on the solid credit of the Authority.

TECHNICAL ASSISTANCE CONSULTING SERVICES – SURVEYING: GREENMAN-PEDERSON, INC. CONTRACT 587TA

The Board voted to approve the recommendation of the Consultant Selection Committee to select Greenman-Pederson, Inc. to provide surveying technical assistance consulting services and to authorize the Executive Director, on behalf of the Authority, to execute Contract 587TA with Greenman-Pederson Inc. in an amount not to exceed \$150,000 for a term of three years, and to authorize a Notice to Proceed for the first year in an amount not to exceed \$50,000. Further, to authorize the Executive Director, on behalf of the Authority, to approve separate Notices to Proceed, if recommended by staff, to commence the second and third years of Contract 587TA for the same yearly not-to-exceed amounts.

The purpose of this technical assistance contract is to make available, on a continuing, as-needed basis, the services of qualified, professional surveying engineers to assist MWRA staff on small, unanticipated or emergency projects. Seven proposals were received and Procurement staff determined that all seven met the minimum threshold requirements; all respondents were then evaluated only on the basis of cost. MWRA staff developed a cost exercise designed to compare proposer's costs. Firms were required to provide current direct hour rates for key personnel to be assigned to the contract and a multiplier, which did not exceed 3.0. Also requested were comprehensive daily rates for "Field Crews" – these rates and multipliers were then inserted into the cost exercise based on the history of previous surveying task order work and the assignment of personnel from the labor classifications that perform the bulk of the work on most typical task orders.

The firm submitting the lowest cost exercise estimate and thus ranked first was Greenman-Pederson, Inc. Greenman-Pederson has been providing professional land surveying services for more than two decades. The firm's experience and past performance is satisfactory and the Selection Committee recommends this award to Greenman-Pederson, Inc. The FY08 Capital Improvement Program budget includes \$150,000 for this Surveying Technical Assistance Contract.

HYPOCHLORITE TANKS NO. 2 AND 4 RELINING, DEER ISLAND TREATMENT PLANT: R. ZOPPO CORP., CONTRACT 6849

The Board voted to approve the award of Contract No. 6849, Hypochlorite Tanks No.2 and No. 4 Relining, Deer Island Treatment Plant, to the lowest eligible and responsible bidder, R. Zoppo Corporation, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$2,232,3000 for a term of 243 calendar days from the Notice to Proceed.

The Deer Island Treatment Plant has six 250,000 gallon, rubber-lined steel tanks that hold chemicals; since the initial tank installations in 1994 and 1995, some of the tank liners have blistered and/or separated at the seams. When a breach becomes large enough, the liners must be replaced or repaired because the highly corrosive chemicals can impact the structural integrity of the metal shell of the tank.

Contract 6849 provides for the removal and replacement of the liners in Hypochlorite Tanks 2 and 4. It is critical that this work be performed in warm weather; colder temperatures will not allow for proper adhesion and setting of the adhesives and linings. To ensure adequate available sodium hypochlorite storage capacity, the contract is structured to allow for 12-hour work shifts, seven days per week during the actual removal and re-lining work.

Contract 6849 was advertised and bid in accordance with Massachusetts General Laws. Due to the specialty nature of this work and past budding experience, staff anticipated limited participation. Two bids were submitted and both were within 3% of the Engineers Estimate and within 2% of each other. R. Zoppo has successfully completed work on several MWRA contracts and MWRA project managers report favorable performance. Staff recommend the award of this contract to R. Zoppo as the lowest responsible and eligible bidder. The FY08 CIP includes a budget of \$2,226,000 for Contract 6829; the contract award is \$2,232,300 or \$6,300 over budget.

THREE-YEAR, SOLE-SOURCE EXTENDED WARRANTY, SERVICE AND MAINTENANCE AGREEMENT FOR THE PROCESS INSTRUMENTATION AND CONTROL SYSTEM AT THE DEER ISLAND TREATMENT PLANT: ABB AUTOMATION, INC.

The Board voted to approve the renewal of a sole-source extended warranty service and maintenance contract for the Process Instrumentation and Control System at the Deer Island Treatment Plant, with ABB Automation Inc. and authorize the Executive Director, on behalf of the Authority, to execute said contract in the amount of \$1,319,453.74 for a term of three years, from July 1, 2008 through June 30, 2011.

The Process Instrumentation and Control System (PICS) at Deer Island is an industrial, digital process control system. It is the primary interface by which Operations controls wastewater treatment and thermal power plan processes. The system was originally installed as part of the Boston Harbor Project at cost of approximately \$24 million. PICS consists of 29 operator consoles, 64 field cabinets containing electronic control equipment, and multiple engineering workstations, all networked together by a plant-wide fiber optic data transmission loop.

For the past nine years, PICS has been covered under an extended warranty; the current contract, in the amount of \$1,267,536 will expire on June 30, 3008. The new contract amount is an increase of 4.1%. Due to the magnitude of the entire PICS system and its critical role in the overall operations of Deer Island, staff are of the opinion that it remains in MWRA's best interest to continue to contract directly with the original equipment manufacturer to maintain the extended warranty and to provide service and maintenance on the system. Combined with staff efforts, this will ensure an uninterrupted supply of replacement parts and up-to-date, system-wide technical information and documentation, and will ensure the committed availability of an extensive and qualified field engineering staff.

ABB Automation has provided excellent service during the past and current three-year contracts. Sufficient funds for this contract have been included in the Proposed FY09 Current Expense Budget. Appropriate funding will be included in subsequent CEB requests for the remaining two years of the contract.

UNIVERSITY AVENUE WATER MAIN: P. GIOIOSO & SONS, INC. CONTRACT 6445

The Board voted to approve the award of Contract No. 6445, University Avenue Water Main, to the lowest eligible and responsible bidder, P. Gioioso & Sons, Inc., and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$6,171,900 for a term of 260 calendar days from the Notice to Proceed.

MWRA's Southern Extra High pressure zone provides water to Canton, Dedham, Norwood, Stoughton, Westwood, portions of Brookline and Milton, and the Roslindale and West Roxbury sections of Boston. The five communities in the southern portion of the service area are served by a single, five-mile 36-inch-diameter transmission man; the loss of this single transmission main would result in a rapid loss of service in Norwood and Canton, and water restrictions for Stoughton and Dedham/Westwood Water District. The Southern Extra High system has been identified as deficient in distribution storage and lacking in redundant distribution pipelines; correction of these deficiencies is a high priority in the MWRA's Water Master Plan.

Contract 6445 was advertised and competitively bid; bids were received from 15 contractors. P. Gioioso & Sons, Inc. was found to be the lowest responsible and eligible bidder and has completed several large, complex projects for MWRA as well as Boston Water and Sewer Commission and Mass Highway Department. Staff have determined that P. Gioioso & Sons, Inc. possess the skill, ability and integrity necessary to perform this work. The FY08 CIP includes a budget of \$21,248,000 for Contract 6445 which is the total construction estimate for the Southern Extra High Redundancy Construction of which this project represents a portion. The bid price of \$6,171,900 is within the CIP budget.

WATER TANK INTRUSION ALARMS: FISCHBACH & MOORE ELECTRICAL GROUP, LLC CONTRACT 6760Q

The Board voted to approve the award of Contract No. 6760Q, Water Tank Intrusion Alarms, to the lowest eligible and responsible bidder, Fischbach & Moore Electrical Group, LLC, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$811,985 for a term of 426 calendar days from the Notice to Proceed.

In an effort to increase overall security at a number of critical MWRA water storage facilities, MWRA's Task Force on Security and Emergency Preparedness recommended the installation of intrusion alarms on all tank access hatches and support building doors at various locations. This contract is similar to a number of previously completed construction projects focuses on improving security.

Contract 6760Q was advertised and bid in accordance with Massachusetts General Laws, Chapter 149. Fischbach & Moore Electric Group, LLC submitted a bid price that is 19.4% lower than the Engineer's Estimate. Fischbach & Moore is currently performing work as a key subcontractor on MWRA's Fire Alarm and Fire Sprinkler System Services Contract and their work has been satisfactory. Staff reviewed the bid price and have determined that it is complete and reasonable. The FY08 CIP includes \$1,480,000 for Security Equipment and Installation.

CONTRACT AMENDMENTS AND CHANGE ORDERS

NORTH DORCHESTER BAY CSO STORAGE TUNNEL: SHANK/BALFOUR BEATTY/BARLETTA JV, CONTRACT 6244, CHANGE ORDER 7

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 7 to increase the amount of Contract No. 6244 with Shank/Balfour Beatty/Barletta JV, North Dorchester Bay CSO Storage Tunnel, for a lump sum amount of \$449,442. Further, the Board voted to authorize the Executive Director to approve additional change orders as may be need to Contract No. 6244 in amounts not to exceed the aggregate of \$250,000 and 180 calendar days, in accordance with the Management Policies of the Board of Directors.

The North Dorchester Bay CSO Storage Tunnel contract is the largest construction contract associated with the North Dorchester Bay CSO Control Plan, which is intended to eliminate CSO discharges and greatly reduce storm water discharges to the South Boston beaches. The tunnel boring machines (TBM) has mined a total of 27% of the total length of the tunnel.

Change Order 7 includes the following two items: Emergency Tunnel Access Shaft Phase II (\$549,442) and construction of a 36 Inch-Thick Wall for the Mining Shaft at Conley Terminal (\$100,000). With Change Order 7, the cumulative value of all change orders to this contract will total \$2,827,864.30 or 1.9% of the original contract

amount. The FY08 Capital Improvement Program budget includes \$151,212,000 for Contract 6244. Including this change order, the adjusted sub-phase total will be \$148,561,072.30.

CHICOPEE VALLEY AQUEDUCT PIPELINE REDUNDANCY PROJECT: TIGHE & BOND, INC., CONTRACT 6527, AMENDMENT 6

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment No. 6 to increase the amount of Contract No. 6527 with Tighe & Bond, Inc., Chicopee Valley Aqueduct Pipeline Redundancy Project, in the amount of \$67,000 and to extend the time for completion by eight months to December 13, 2008.

The Chicopee Valley Aqueduct (CVA) supplies water from Quabbin Reservoir to Chicopee, Wilbraham, and South Hadley Fire District 1. In March 2000, Tighe & Bond, Inc. was awarded Contract 6527 to provide design services, construction administration, and resident inspection for the CVA Pipeline Redundancy Project. Tighe & Bond has been providing construction administration and resident inspection services throughout construction, which is now approximately 97% complete. In order to complete the remaining outstanding work, the construction contract has been extended 180 days to April 21, 2008. Amendment 6 will include a \$67,000 increase in contract amount, most of which is related to the extension of the construction contract and the associated need for additional construction administration and project management services, and the need for post-construction, permit-required wetlands monitoring through an additional growing season (fall 2008).

The FY09 CIP includes a budget of \$1,860,000 for Contract 6527. Including this amendment for \$67,000, the adjusted sub-phase total will be \$1,027,371.03 or \$67,371.03 over budget.

INFORMATION

UPDATE ON SURPLUS OF SUDBURY RIVER, SOUTH BASIN WATERSHED LANDS

On April 11, 2007, the Board of Directors declared certain watershed and water system real property in the so-called South Basin of the Sudbury Reservoir as surplus to MWRA watershed or water system needs and further voted to authorize the Executive Director and staff to take all necessary action to discontinue any further payments in lieu of taxes (PILOT) and any other financial responsibility beyond Fiscal Year 2008 for such lands. These properties are located in the Towns of Ashland, Framingham, Hopkinton and Westborough. Since the vote, MWRA and DCR staff have taken several affirmative steps towards implementing the discontinuation of PILOT; payments for those lands are not included in the DCR's Office of Watershed Protection's Fiscal Year 2009 final PILOT budget, although a portion of the PILOT payment to the Town of Framingham will be included for portions of assessed parcels where MWRA major emergency transmission mains and appurtenances remained located and have intentionally not been surplusd.

MWRA and DCR staff have met with officials in all four towns to notify them of the Board vote and the discontinuation of PILOT payments as well as the legislative delegations from the communities to discuss the reasons for discontinuing payments. The discontinuation of PILOT to these four communities will result in annual savings of approximately \$397,000.

Board Member Joel Barrera asked for clarification about who owned the land. Mr. Laskey replied that the land is part of the DCR watershed; the Commonwealth owns it and DCR is in charge of the care and custody.

ANNUAL REPORT ON NEW CONNECTIONS TO MWRA SYSTEM

The *2007 Annual Update on New Connections to the MWRA System* details new connections to MWRA's system and includes basic information on each connection, including a brief description, conditions of approval, and the status of compliance with conditions of approval. All connects are complaint with the major terms and conditions of MWRA approvals. Collectively, seven requests for MWRA water and sewer were approved in 2007. The report also provides information on prospective requests including the Weymouth Naval Air Station Redevelopment and the Town of Wilmington on the water side, and the Cambridge School of Weston on the sewer side.

Pam Heidell, Policy & Planning Manager stated that it has been a busy year for new connections and each applicant is required to do I/I (inflow and infiltration reduction) along with their connection.

Board Member Joe Foti asked if Wilmington has the appropriate plans in place for town meeting approval. Mr. Heidell responded yes. Board Member John Carroll asked if the naval air station would be coming into the system. Ms. Heidell responded that they are going to connect through Weymouth in the short term, with an intentional plan to join MWRA after 2010. Mr. Barrera asked if the naval air station was only interested in water. Ms. Heidell responded yes; in the short term, they are sending flow to Weymouth, but eventually they want to do onsite wastewater treatment (in a "green" development).

DELEGATED AUTHORITY REPORT – FEBRUARY 2008

Staff provided the Board with a list of delegated authority actions over \$25,000 for the period February 1 through February 29, 2008.

SECOND QUARTER FY08 ORANGE NOTEBOOK

The Orange Notebook presents performance indicators for operational, financial, workforce and customer service parameters tracked by MWRA management each month. Significant outcomes for the quarter are considered in the following areas: Deer Island and Clinton Wastewater Treatment Plant Operations; Field Operations; Construction; Drinking Water Quality and Supply; Community Flows; Business Services; Management/Finance.

Revisions to the report will be rolled out over the coming months as a result of ongoing management reviews and efforts to streamline reporting.

Mr. Hornbrook noted that energy is an area where major changes are underway; the addition of solar panels and wind turbines in order to contribute to self-generation of electricity at Deer Island are major priorities. Mr. Barrera asked if there are any ideas what caused the two spikes in FY07 water quality. Mr. Hornbrook responded that it was algae bloom and copper treatment.

FY2008 FINANCIAL UPDATE AND SUMMARY AS OF JANUARY 2008

Staff provided the board with a financial update and summary through January 2008, comparing actual spending to the budget, and the preliminary projection for the year. Through January 2008, total revenue was \$338 million, \$10.7 million or 3.3% more than budgeted. Total expenses were \$314.4 million, \$6.3 million or 2% less than budgeted.

Mr. Barrera asked if the cost of gas was included in the energy and utilities category; what has the Authority done to reduce energy costs? Mr. Laskey responded that gas is not included in energy costs; he noted that the Authority had taken measures to reduce truck idling as well as implementing an aggressive strategy including putting solar panels and wind turbines on Deer Island. In addition, the Authority has purchased hybrid and alternative fuel vehicles. Mr. Gove asked how long the MWRA's energy savings plan has been in effect. Mr. Laskey responded that staff will provide an update at a future Board Meeting. Mr. Hunt observed the MWRA has been in the fore front regarding energy before going "green" was a popular strategy.

FISCAL YEAR 2008 MID-YEAR CAPITAL PROJECT PERFORMANCE REPORT

The FY08 Mid-Year Capital Program Performance Report presents capital program accomplishments and highlights expenditure variances for the first half of FY08 as well as provides an update of planned awards in FY08. The total Capital Improvement Program (CIP) budget for FY08 is \$227.9 million. In the first half of FY08, spending was \$79.6 million including \$60.4 million for Wastewater Projects, \$18 million for Waterworks projects and \$1.2 million for Business and Operations Support projects. The amount is \$21.3 million or 21% less than the year to date budget of \$100.9 million. The majority of the under spending is primarily due to the timing of loans from the Local Water Pipeline Improvement Program and payments for BWSC-managed CSO projects as well as factors beyond MWRA's control including watershed land purchases and Cambridge Sewer Separation work.

There were key accomplishments during the first half of FY08 in the Wastewater System, the CSO Program, the Waterworks System, and the Community Grant/Loan Programs.

During the first half of FY08, MWRA spent \$60.4 million on the Wastewater System program including Inspection & Plumbing, Treatment, Combined Sewer Overflow, and other wastewater programs. On the CSO Program, MWRA (and BWSC and Cambridge) spent approximately \$35.4 million on project implementation

from July through December 2007. On the Waterworks System, MWRA spent \$18 million including areas of Drinking Water Quality Improvements, Transmission and Distribution and Pumping.

During the first half of FY08, MWRA distributed a total of \$8.3 million in grants and loans to communities through the I/I Local Financial Assistance Program and \$4 million in loans as part of the Local Water Pipeline Improvement Loan Program.

I/I LOCAL FINANCIAL ASSISTANCE PROGRAM UPDATE

MWRA's Infiltration/Inflow (I/I) Local Financial Assistance Program was initiated in May 1993 to provide funding to member sewer communities to perform I/I reduction and sewer system rehabilitation projects within their locally-owned collection systems. This program is a critical component of MWRA's Regional I/I Reduction Plan and fosters efficient operation and maintenance of local sewer systems.

Following recommendations from the Advisory Board, the Board of Directors has approved a total program budget of \$220.75 million (from FY93 to FY15). The funds are allocated among the sewer communities based on respective share of overall MWRA whole sale sewer charges. Financial assistance is distributed for approved projects as a 45 percent grant and a 55 percent interest-free loan. The loan portion is repaid to MWRA over a five-year period.

All 43 member sewer communities have participated in MWRA's \$220.75 million I/I Local Financial Assistance Program. To date, a total of \$165.4 million in funding has been distributed to member communities to fund local sewer rehabilitation projects. Community loans are repaid to MWRA over a five-year period. All scheduled community loan repayments have been made, a total of \$75 million. Five communities have received their entire funding allocation. No additional program funding is included in the proposed FY09 CIP.

The FY08 CIP includes a budget of \$86,594,000 for grants to the communities (loans are offset by repayments). Community loan repayments are deposited into the MWRA construction fund.

LOCAL PIPELINE ASSISTANCE PROGRAM UPDATE

On November 12, 1999, the Board of Director's approved funding of the Local Pipeline Assistance Program to provide \$250 million in interest-free loan to water system communities for pipeline replacement or cleaning and lining projects. The goal of the program is to improve local water system pipeline conditions to help maintain high quality water as it passes from the treatment plant through local pipelines to customer taps. The program is a critical element of MWRA's Integrated Water Supply Improvement Program.

Local Pipeline Assistance Program loan funds were allocated to member water communities based on their percent share of unlined water pipes. MWRA's partially supplied communities received pro-rated shares based on their percentage use of MWRA water.

To date, 29 of the 42 eligible member water communities have participated in MWRA's \$256 million Local Pipeline Assistance Program. Through the first eight years of the thirteen-year program, \$135.3 million in interest-free loans has been distributed to member communities to finance projects that will help maintain high water quality in local distribution systems. Community loans are repaid to MWRA over a ten-year period. All schedule community loan repayments have been made, a total of over \$45 million.

The FY08 CIP includes a budget of \$256,723,500 for interest-free loans to member communities. As community loan repayments are made, they are deposited into the MWRA construction fund.

*This summary does not include every item discussed by the Board, nor the full extent of the discussions.
Please contact Christine Hevelone-Byler at the Advisory Board office with questions, comments or requests for more information.*